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ITEL

Pullman

September 29, 1989

RECORDATION NO.

FILED 1025

15642-R
1989-12-21 PM
INTERSTATE COMMERCE COMMISSION

Itel Rail Corporation

55 Francisco Street
San Francisco, California 94133
(415) 984-4000
(415) 781-1035 Fax

Hon. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Re: Schedule No. 16 to Master Lease No. 2197-00 dated May 5, 1988, between Itel Rail Corporation and Hartford and Slocomb Railroad Company

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$15 recordation fee.

Please record this Schedule under Master Lease No. 2197-00 dated May 5, 1988, between Itel Rail Corporation, as successor in interest to both Itel Rail Corporation and Itel Railcar Corporation, and Hartford and Slocomb Railroad Company, which was filed with the ICC on May 13, 1988, under Recordation No. 15642.

The parties to the aforementioned instrument are listed below:

Itel Rail Corporation (Lessor)
55 Francisco Street
San Francisco, California 94133

Hartford and Slocomb Railroad Company (Lessee)
P.O. Box 2243
Dothan, Alabama 36302

This Schedule adds to the Lease Agreement forty-three (43) 89'4", TOFC/COFC flatcars bearing reporting marks HS 90205-902660 (n.s.).

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker
Patricia Schumacker
Legal Assistant

SCHEDULE NO. 16 TO MASTER LEASE NO. 2197

RECORDATION NO. 15642 R
OCT 4 1989 12 05 PM
INTERSTATE COMMERCE COMMISSION

THIS SCHEDULE No. 16 ("Schedule") to that certain Lease Agreement, as amended, (the "Agreement") made as of May 5, 1988, between ITEL RAIL CORPORATION, as lessor ("Lessor"), and HARTFORD AND SLOCOMB RAILROAD COMPANY, as lessee ("Lessee") is made this 8th day of September, 1989.

Lessor and Lessee agree as follows:

1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 16, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech. Desig.	Description of Cars	Car Reporting Mark and Number	Length	Inside Width	No. of Cars
FC	TOFC/COFC, Dual-45, HS 15", Ax Sp 5'8", Truck Centers, 66' flatcars	902050 - 9020660 (n.s.)	89'4"	9'	43

3. A. The term of the Agreement with respect to each Car described in this Schedule shall commence at 12 noon on the date such Car is remarked ("Delivery") and shall continue as to all of the Cars described in this Schedule for three (3) years from the earlier of (i) the date on which the last Car described in this Schedule was remarked or (ii) sixty (60) days from the date the first Car described in this Schedule was delivered to Lessee's lines (the "Term"). Upon the delivery of the final Car, Lessor shall provide Lessee with a Certificate of Delivery, in the form of Exhibit A attached hereto, including the Delivery date for each car and the expiration date of the Agreement with respect to the Cars described in this Schedule. Unless Lessee, within fifteen (15) days of such notice, demonstrates to the satisfaction of Lessor that such date is incorrect, then Lessee shall be deemed to have concurred to such date.

- B. If the Agreement has not been terminated early and no unremedied default has occurred and is continuing under the Agreement, the Agreement shall automatically be extended from calendar month to calendar month, for a period not to exceed twenty-four (24) calendar months (each such calendar month an "Extended Term"). Provided that the Cars are not subject to the assignment agreement dated July 26, 1989 ("WSOR Assignment") between Lessee as assignor ("Assignor") and Wisconsin and Southern Railroad Company as assignee ("Assignee"), a copy of which is attached hereto as Exhibit B, Lessor may terminate the Agreement at any time during the Initial Term or Extended Term as to some or all of the Cars described in this schedule by providing not less than ten (10) days' prior written notice to Lessee.
4. When a Car has been remarked, it shall be moved to the railroad lines of the Assignee. Lessee agrees to pay the rent set forth in the Agreement notwithstanding the fact that Lessee may not have immediate physical possession of the Cars leased hereunder. In order to move the Cars to Lessee's or Assignee's railroad line and to ensure optimal use of the Cars, Lessor agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and Lessor, to assist in the issuance of movement orders to facilitate the movement of the Cars to other railroad lines in accordance with the Interstate Commerce Commission ("ICC") and the Interchange Rules.
5. Lessor consents to Lessee's entering into the WSOR Assignment; provided that Lessor shall perform Lessee's duties under the WSOR Assignment, except the duties described in paragraph four therein, which shall be performed by Lessee, that Lessee shall, only upon Lessor's instructions or consent, exercise its option to terminate, extend, renegotiate or request free storage under the WSOR Assignment, and that Lessee shall, if directed by Lessor, assign Lessee's interest in the WSOR Assignment to any party designated by Lessor.
6. Lessor shall perform or cause to be performed and shall pay all costs and expenses associated with the maintenance of the Cars described in this Schedule, except as delegated to Lessee in Section 5 of the Agreement. With respect to the Cars listed in this Schedule, Exhibit C attached hereto is hereby added to the Agreement or substituted for Exhibit C thereto. Subsection 5.A. of the Agreement shall not apply with respect to such Cars.
7. Lessor agrees to reimburse Lessee, within thirty (30) days of Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by Lessee resulting from:
1) ad valorem tax assessments on the Cars; and 2) any

assessment, levy or impost relating to any Car, the Agreement, or the delivery of the Cars, which remained unpaid as of the date of the delivery of the Cars to Lessee or which is assessed, levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee or sales or use tax imposed on mileage charges, car hire revenue, or the proceeds of the sale or lease of the Cars. Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence, notifications of proposed tax assessments and tax bills associated with any tax reimbursable by Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

8. Rent

A. Definitions

- (i) "Eligible Lines" is defined as the railroad lines owned and operated by Lessee as of the date this Schedule is executed by the parties. Unless Lessor and Lessee agree otherwise, any lines purchased by Lessee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party during the Initial Term or any Extended Term, effective on the date of such sale, are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined in Subsection 8.A.(iii) hereinbelow).
- (ii) "Revenues Rates" is defined as the hourly and mileage car hire rates specified for each Car in the Hourly and Mileage Car Hire Rate Table published in the April 1989 edition of The Official Railway Equipment Register, as may be updated from time to time.
- (iii) "Revenues" is defined as the total revenues, calculated at the Revenue Rates, that are earned or due for the use and handling of the Cars on all railroad lines other than the Eligible Lines, including, but not limited to, per diem and mileage, whether or not collected and received by Lessor, and undiminished by any claimed

abatement, reduction or offset caused by any action or failure of Lessee.

- B. Lessor shall _____ of the Revenues earned by each of the Cars prior to and during the term of the WSOR Assignment.
 - C. Upon the early termination or expiration of the WSOR Assignment, Lessor shall _____ of Revenues earned by the Cars while such Car is off Eligible Lines.
 - D. (i) Should any abatement, reduction or offset occur as a result of any action or inaction of Lessee, Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor the amount of such abatement, reduction or offset.

(ii) If, at any time during the Agreement, Lessee operates lines other than the Eligible Lines, Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Lessee.
 - E. Any agreement between Lessee and any other party with respect to the Cars ("Third Party Agreement (s)"), except as provided for in this schedule, shall be null and void without Lessor's prior written approval if such Third Party Agreement affects the revenues earned by the Cars.
 - F. If any Car has remained on Lessee's property while not subject to the WSOR Assignment because Lessee has not given preference to the Car as specified in Subsection 3. B. of the Agreement, Lessee shall be liable for and remit to Lessor an amount equal to the revenues which would have been generated if such Car had been in the physical possession and use of a railroad for the entire period during which such Car is on Lessee's property due to such failure, with each Car travelling _____ per day.
9. Except as expressly modified by this or any other Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.

10. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

ITEL RAIL CORPORATION

HARTFORD AND SLOCOMB
RAILROAD COMPANY

By: *[Signature]*

By: *E. F. Fisher II*

Title: *Senior Vice President Marketing*

Title: *President*

Date: *September 8, 1989*

Date: *8-28-89*

EXHIBIT A

CERTIFICATE OF DELIVERY DATE

Exhibit A to Schedule No. 16 dated as of _____
to Lease Agreement dated as of May 5, 1988, by and between ITEL
RAIL CORPORATION ("Lessor") and HARTFORD AND SLOCOMB RAILROAD
COMPANY ("Lessee").

**CAR REPORTING
MARK AND NUMBERS**

DELIVERY DATE

The last day of the Initial Term for the above referenced Cars
shall be _____.

ITEL RAIL CORPORATION

By: _____

Title: _____

Date: _____

EXHIBIT B

Hartford & Slocomb

RAILROAD COMPANY

A Subsidiary of ITEL Corporation

July 26, 1989

Mr. J.J. Malloy
Senior Vice President and General Manager
Wisconsin & Southern Railroad Company
511 Barstow Street
Horicon, Wisconsin 53032

Dear Mr. Malloy:

Please accept this letter as the agreement ("Assignment Agreement") whereunder Hartford and Slocomb Railroad Company ("HS") shall supply the Wisconsin & Southern Railroad Company ("WSOR") with ~~five~~ ^{five} ~~seven~~ ^{seven} (37) 7'8 1/2" dual purpose flatcars bearing reporting marks from within the series HS 902050-902660 (N.S.) ("Flatcars") and whereunder WSOR shall place said Flatcars into an assignment pool on WSOR's railroad lines under Car Service Directive 145 and shall register such assignment pool and Flatcars with the Association of American Railroads ("AAR").

The term of this Assignment Agreement with respect to all Flatcars shall commence upon delivery and expire on June 30, 1992 ("Term").

WSOR shall not make any alterations to the Flatcars without HS's prior written consent. During the Term of this Assignment Agreement, WSOR shall load the Flatcars prior to loading substantially similar flatcars leased or assigned from other parties or purchased by WSOR subsequent to the date of this Assignment Agreement or interchanged from other railroads; provided, however, that this shall in no event prevent or prohibit WSOR from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor. During the Term, HS may replace any or all Flatcars with similar flatcars bearing different railroad marks upon prior written notice from HS to WSOR.

If any Flatcar returns to HS's lines as a result of WSOR (i) not filing the assignment pool code properly, or (ii) not properly endorsing the waybill for such Flatcar, WSOR shall be responsible for all costs associated with returning such Flatcar to WSOR. HS shall use its best efforts to prevent any Flatcar from being interchanged onto its lines during the term of the Assignment Agreement, including advising HS's connecting carrier that the Flatcars have been placed into an assignment pool on WSOR's lines and that the connecting carrier should not return such Flatcars to HS during the Term.

POST OFFICE BOX 2243

DOTHAN

ALABAMA 36302

(205) 792-2895 - 794-9417 - 793-1398

TELEX 59-3487

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RECEIVED

AUG 08 1989

WSOR

During the Term of this Assignment Agreement WSOR shall comply with handling carrier's obligations under AAR Interchange Rules while the Flatcars are in WSOR's possession and fulfill the obligations set forth herein. WSOR shall be entitled to per diem and mileage relief per Flatcar for each day such Flatcar is on WSOR's railroad lines. WSOR shall substantiate said per diem and mileage relief by appropriate movement records. Such movement records shall be delivered to HS within sixty (60) days from the end of the service month (hereinafter defined as the calendar month in which per diem and mileage payments were actually earned).

HS agrees to allow ~~Soo Line~~ Railroad Company () per diem relief of Flatcar for each loaded Flatcar interchanged by WSOR to Soo's railroad lines ("Soo Relief"). WSOR shall provide HS (in care of Ite Rail Corporation) with homeroad records referencing each Flatcar loaded and interchanged by WSOR to Soo.

For the purpose of this Assignment Agreement, the following definitions are provided:

- A. "Per Diem Revenues" are the total per diem revenues earned and due from other railroad companies for the handling and use of Flatcars.
- B. "Mileage Revenues" are the total mileage revenues earned and due from other railroad companies for the handling and use of the Flatcars.
- C. "Per Diem Base Amount" is defined as the sum equal to the Per Diem Revenues which the Flatcars would have earned in the aggregate at a Utilization Rate (as defined hereinbelow) of
- D. "Mileage Base Amount" is defined as the sum equal to the Mileage Revenues which the Flatcars would have earned in the aggregate assuming mileage of Flatcar.
- E. The "Utilization Rate" of the Flatcars shall be determined (a) the of which were earned on the Flatcars, and (b) the of which is the in each that the Flatcars are placed in an assignment pool on WSOR.

If during any period after the date of execution of this Assignment Agreement by both parties, the Per Diem Revenues exceed the applicable Per Diem Base Amount ("Excess Per Diem"), HS shall pay to WSOR an amount equal to of the Excess Per Diem, provided, however, that any allowed in each calendar quarter or applicable portion thereof shall be deducted from said excess Per Diem prior to calculation of the Excess Per Diem due to HS and WSOR. If, after the date of execution of this Agreement by both parties, Mileage Revenues exceed the Mileage Base Amount, HS shall pay to WSOR an amount equal of all Mileage Revenues in excess of the Mileage Base Amount.

If, with respect to any calendar quarter, revenues with respect to the Flatcars, in the aggregate, are less than the cash equivalent ("Cash Amount") of the sum of the Per Diem Base Amount and the Mileage Base Amount, calculated at the rates set forth for the Flatcars in the Hourly and Mileage Car Hire Rate Table in the April, 1989 edition of the ICC Official Railway Equipment Register ("April 1989 Table"), HS may, at any time, at its option and upon not less than ten (10) days' prior written notice to WSOR, terminate this Assignment Agreement as to such Flatcars as HS shall determine; provided, however, that WSOR may, at its option, within ten (10) days of receipt of such notice from HS, void such termination by paying to HS an amount equal to the difference between the Cash Amount and the actual revenues for such calendar quarter.

HS shall, within three (3) months after the end of each calendar quarter, calculate on a quarterly year-to-date basis the amount due either party pursuant to this Assignment Agreement. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the final calculation any amount paid to either party in excess of the amount required shall be promptly refunded to the appropriate party. Such final calculation shall be made within five (5) months of the end of the Term of this Assignment Agreement.

Upon reasonable written request during normal business hours and at no expense to HS, WSOR may inspect HS records with respect to the Flatcars.

If at any time during the Term, the Interstate Commerce Commission abandons or lowers the per diem and mileage rates for the Flatcars set forth in the Table, the parties agree to negotiate a new assignment agreement; provided, however, that if a mutually satisfactory agreement cannot be reached, HS may, at its sole option and upon not less than thirty (30) days' prior written notice to WSOR, terminate this Assignment Agreement.

Upon the expiration or termination of this Assignment Agreement, WSOR shall ensure that the Flatcars in WSOR's possession are in compliance with handling carrier's obligations under AAR interchange Rules, normal wear excepted, and shall remove the Flatcars from Car Service Directive 145. Thereafter, WSOR, at HS's option and instruction, shall either provide final outbound loads for each of the Flatcars or transport empty any or all of the Flatcars, at WSOR's expense to any WSOR interchange point designated by HS. If no forwarding instructions are received from HS within thirty (30) days after the expiration or termination of this Assignment Agreement, HS will pay \$100.00 per day per Flatcar to WSOR. Until the Flatcars are moved off WSOR's lines, they will be per diem and mileage free.

WSOR recognizes that HS's rights are subject and subordinate to the rights of any lessor, owner or secured party with respect to the Flatcars, but HS hereby expressly represents and covenants that it is fully authorized to enter into this Assignment Agreement.

Please indicate your concurrence to the above terms and conditions by signing both (2) enclosed originals and arrange to have one (1) original returned to me.

Yours truly,



C. F. Fischer, III
President

CONCURRENCE BY:

WISCONSIN & SOUTHERN RAILROAD COMPANY

By: James J. Malloy

Title: Executive Vice President & C.O.

Date: 8/17/89

EXHIBIT C

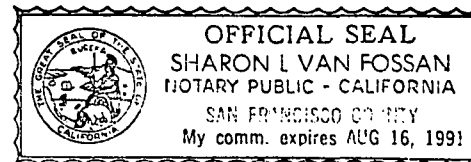
Running Repairs: TOFC/COFC Flatcars

Angle Cocks	Wheels
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Pedestal Locks
Grab Irons	Couplers
Brake Shoes	Draft Gears
Brake Shoe Keys	Coupler Carriers
Brake Connecting Pin	Center Plate Repair (Not Replacement of Center Plate)
Brake Head Wear Plates	Lube of Hitches
Air Brakes	Cotter Keys
Hand Brakes	Roller Bearing Adapters
Brake Beams and Levers	Air Hose Supports
Truck Springs	

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 8th day of September, 1989, before me personally appeared E. LOYD MANASCO Senior Vice Marketing, to me personally known, who being by me duly sworn says that such person is ~~President and Chief Executive Officer~~ of Itel Rail Corporation, that the foregoing Schedule No. 16 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sharon L. Van Fossan
Notary Public



STATE OF ALABAMA)
) ss:
COUNTY OF HOUSTON)

On this 28 day of August, 1989, before me personally appeared C. F. Fischer, III, to me personally known, who being by me duly sworn says that such person is President of Hartford and Slocomb Railroad Company that the foregoing Schedule No. 16 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joan Thompson
Notary Public